



**Testimony  
Bart Russell, Executive Director  
Connecticut Council of Small Towns  
Before the  
Labor & Public Employees Committee  
March 10, 2011**

Thank you for the opportunity to comment in support of the following bills:

- **SB-990 - AN ACT CONCERNING THE PREVAILING RATE OF WAGES.**
- **SB-989 - AN ACT CONCERNING RESERVE FUND BALANCES AND CHANGES TO MUNICIPAL BINDING ARBITRATION.**
- **HB-6409 - AN ACT REQUIRING NEUTRAL MUNICIPAL ARBITRATORS BE MEMBERS OF THE AMERICAN ARBITRATION ASSOCIATION.**

**Prevailing Wage Rates**

COST strongly supports SB-990, which will double the prevailing wage thresholds for local building projects to help reduce capital building costs for our smaller towns and cities. Although COST has long advocated for increasing the thresholds to \$400,000 for renovations and \$1 million for new construction, we believe SB-990 is a sound compromise and we applaud the committee for bringing it forward for a public hearing.

Municipal aid has been flat funded or reduced for several years in a row. Recognizing that Connecticut is facing an extraordinary fiscal deficit, we are relieved that municipal aid has been largely flat funded in the Governor's proposed budget. However, towns are struggling to continue to fund critical services, including education, road repair and public safety, and are faced with declining revenue sources. We must act now to relieve towns of the tremendous cost burdens associated with unfunded mandates.

The prevailing wage laws are one of the most expensive unfunded mandates on the books. In the past, recognizing that thresholds should be adjusted to reflect increases in construction costs, the prevailing wage thresholds were revisited every six years. It has now been 20 years since the thresholds have been adjusted and relief is long overdue. This mandate has cost towns millions of dollars over the years.

It is very difficult to explain to taxpayers that property taxes must increase because a building that could have been constructed for \$1 million comes in between 15 and 30% higher due to prevailing wage laws.

Many towns have also indicated that the process forecloses opportunities for local contractors – men and women who have donated time and services to towns and who are vital members of the community - from even bidding on jobs because of costs and burdens associated with the prevailing wage laws. It is time to act to relieve towns of this unfunded and unnecessary mandate.

**We therefore urge your support for SB-990.**

### **Binding Arbitration Reform**

An increasingly unmanageable portion of the local education budget is teachers' salaries and benefits. Unfortunately, under the current binding arbitration mandate, towns have very few options with which to negotiate any savings. Given the unprecedented budget crisis facing the state and almost \$100 million in cuts to municipal aid already absorbed by our towns and cities, Connecticut must take steps to provide more balance to the binding arbitration process. We therefore urge your support for the following mandate relief measures before the committee today:

**SB-989** will require arbitrators to disregard a town's fund balance - a balance that is maintained to protect the town's fiscal integrity - for purposes of municipal binding arbitration awards. A town's fund balance is critical tool in protecting a town's fiscal stability. In fact, it is a big factor in determining a town's bond rating. Allowing this to be considered in making a binding arbitration award makes no sense whatsoever. The current process penalizes towns that are doing the right thing by maintaining an adequate fund balance to reduce indebtedness costs. **COST therefore urges your support.**

**HB-6409** will improve the binding arbitration process by ensuring that arbitrators are certified by a well-recognized, professional organization, the American Arbitration Association. Ensuring that arbitrators are certified will go a long way toward improving the integrity of the process and give all parties a level playing field. **COST therefore urges your support.**

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